

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02
OMB-01 DOE-11 OIC-02 AF-10 ARA-10 NEA-10 /159 W
-----075265 171845Z /47

P 171815Z FEB 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 6142
INFO AMEMBASSY BRUSSELS
AMEMBASSY OTTAWA
AMEMBASSY TOKYO

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E.O. 11652 N/A
TAGS: ETRD, MTN, BE, JA, CA
SUBJECT: NORDIC SAFEGUARDS TEXT

REF: GENEVA 01294

FOLLOWING IS TEXT OF NORDIC PROPOSAL SUBMITTED AT THURS-
DAY'S PLURILATERAL SAFEGUARDS MEETING (REFTEL) PLUS
COPY OF EXPLANATORY COMMENTS.

1. NATURE OF SAFEGUARD ACTION

A SAFEGUARD ACTION SHALL BE LIMITED TO IMPORTS CAUSING
OR THREATENING TO CAUSE SERIOUS INJURY AND APPLIED IN A
NON-DISCRIMINATORY MANNER IN RESPECT TO THESE IMPORTS.
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IN CASES WHERE THE INJURIOUS IMPORTS CANNOT BE DISTINGUISH-
ED FROM OTHER IMPORTS, THE SAFEGUARD ACTION SHALL BE
APPLIED ON A GLOBAL BASIS.

2. DETERMINATION OF SERIOUS INJURY OR THREAT THEREOF

A DETERMINATION THAT IMPORTS OF A PARTICULAR PRODUCT ARE

CAUSING OR THREATENING TO CAUSE SERIOUS INJURY TO A MAJOR PART OF ALL DOMESTIC PRODUCERS OF LIKE OR DIRECTLY COMPETITIVE PRODUCTS SHALL BE MADE ONLY WHEN SUCH IMPORTS HAVE INCREASED IN SUCH QUANTITIES OR IN SUCH RELATIVE QUANTITIES AND IN SUCH A MANNER AS TO CAUSE SERIOUS INJURY SUSTAINED OR DEMONSTRABLY LIKELY TO BE SUSTAINED BY DOMESTIC PRODUCERS. DETERMINATION OF THE EXISTENCE OF SERIOUS INJURY OR THREAT THEREOF SHALL BE BASED ON EXAMINATION OF APPROPRIATE FACTORS HAVING A BEARING ON THE STATE OF THE DOMESTIC PRODUCERS IN QUESTION, SUCH AS: DEVELOPMENT AND PROSPECTS WITH REGARD TO OUTPUT, TURNOVER, INVENTORIES, MARKET SHARE, MARKET SIZE, PROFITS, PRICES, EXPORT PERFORMANCE, EMPLOYMENT AND WAGES, IMPORTS, UTILIZATION OF CAPACITY OF DOMESTIC INDUSTRY, AND PRODUCTIVITY. THE LIST IS NOT EXHAUSTIVE, NOR CAN ANY ONE OR SEVERAL OF THE FACTORS IN COMBINATION NECESSARILY GIVE DECISIVE GUIDANCE, NOR SHOULD IT BE REQUIRED THAT ALL THE FACTORS BE SIMULTANEOUSLY PRESENT.

MODALITIES GOVERNING SAFEGUARD ACTION

3. SAFEGUARD ACTIONS SHALL NOT BE A SUBSTITUTE FOR STRUCTURAL ADJUSTMENT TO NEW COMPETITIVE CONDITIONS. SAFEGUARD ACTIONS SHOULD NORMALLY BE ACCOMPANIED BY SUCH MEASURES AS ARE DEEMED NECESSARY TO ADJUST TO CHANGES IN THE PATTERN OF TRADE AND IN COMPARATIVE ADVANTAGES UNDER SOCIALLY LIMITED OFFICIAL USE

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ACCEPTABLE CONDITIONS IN ORDER TO REMEDY THE INJURY AND SHORTEN THE DURATION OF THE RESTRICTIVE MEASURES TAKEN AT THE BORDER. THE BURDEN OF ADJUSTMENT INCUMBENT ON THE IMPORTING COUNTRY SHALL BE SEEN IN RELATION TO THE CAUSE AND NATURE OF THE INJURIOUS IMPORTS, TAKING INTO ACCOUNT, INTER ALIA, ADHERENCE TO GATT OBLIGATIONS AND FAIR LABOUR STANDARDS AND TRADING PRACTICES. END TEXT.

COMMENTS ARE AS FOLLOWS:

4. THE FOLLOWING TEXT IS TO BE CONSIDERED AS INFORMAL COMMENTS ACCOMPANYING THE THIRD SECTION OF THE TEXT, WHICH THE NORDIC COUNTRIES DISTRIBUTED AT THE PLURILATERAL CONSULTATIONS ON SAFEGUARDS ON 16 FEB. 1978:

5. AS STATED IN MTN/SG/W/30, THE NORDIC COUNTRIES BELIEVE THAT A REQUIREMENT FOR A CONCRETE ADJUSTMENT ASSISTANCE PROGRAMME AS AN ABSOLUTE PRECONDITION FOR THE INVOCATION OF SAFEGUARD PROVISIONS WOULD BE VERY DIFFICULT TO ACCEPT. AN EFFECTIVE IMPLEMENTATION OF SAFEGUARD MEASURES OFTEN REQUIRES QUICK ACTION, WHICH CANNOT BE DEPENDENT ON THE EXISTENCE OF SUCH A SPECIAL PROGRAMME. FURTHERMORE, THERE

MAY BE CASES WHERE THE EXTERNAL DISTURBANCE IS OF A SHORT-TERM OR EXTRAORDINARY NATURE NOT JUSTIFYING STRUCTURAL CHANGES IN THE PRODUCTION PATTERN OF THE IMPORTING COUNTRY. IT CANNOT BE PRECLUDED THAT MEASURES TAKEN IN THE EXPORTING COUNTRY COULD CONTRIBUTE TO THE POSSIBILITIES OF ABOLISHING THE SAFEGUARD MEASURES INVOKED IN THE IMPORTING COUNTRY. DUE TO DIFFERENCES BETWEEN COUNTRIES, IDENTICAL REQUIREMENTS FOR ALL COUNTRIES WITH RESPECT TO ADJUSTMENT PROGRAMMES ARE NOT, IN THE OPINION OF THE NORDIC COUNTRIES, REALISTIC AND PERHAPS IN CERTAIN CASES NOT EVEN DESIRABLE.

6. THE NORDIC COUNTRIES RECOGNIZE, HOWEVER, THAT MEASURES AFFECTING FOREIGN TRADE SHOULD BE LIMITED TO THE EXTENT

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AND FOR SUCH TIME THAT IS NECESSARY TO PREVENT OR REMEDY THE INJURY. AN OBJECTIVE SHOULD THEREFORE BE TO ASSIST ENTERPRISES AND WORKERS IN OVERCOMING THEIR DIFFICULTIES, THUS PREVENTING OR REMEDYING THE INJURY AND FACILITATING THE DISCONTINUATION OF THE SAFEGUARD ACTION. THE BURDEN OF ADJUSTMENT INCUMBENT ON THE IMPORTING COUNTRY SHOULD BE SEEN IN RELATION TO THE CAUSE AND NATURE OF THE INJURIOUS IMPORTS. IN THAT CONTEXT DUE ACCOUNT

SHOULD BE TAKEN FOR INSTANCE OF THE CONDITIONS IN WHICH
THE PRODUCTION IS TAKING PLACE IN THE EXPORTING COUNTRY,
WHEN TAKING A POSITION ON THE SHARING OF RESPONSIBILITY
FOR THE ADJUSTMENT WITHIN THE FRAMEWORK OF THE INTERNATIONAL
DIVISION OF LABOUR. THE NORDIC PROPOSAL SUGGESTS THAT
IN CERTAIN CASES IT MAY BE REASONABLE TO CALL FOR ADJUST-
MENT OUTSIDE THE IMPORTING COUNTRY IN ORDER TO ALLOW THE
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IMPORTER TO WITHDRAW THE SAFEGUARD MEASURE. MCDONALD

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